USMC CONTRACTING

A BASIC OVERVIEW

United States Marine Corps
New Installation Commanders and
Chiefs of Staff Course 2004

PENNSTATE
The Smeal College of Business Administration

Presented by:

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Why is there USMC CONTRACTING?

Mission

To support the Warfighter through the procurement of supplies and services

Vision

To Be a Leader In DOD Contracting and Electronic Business

Bases and Stations

Contingency Ops

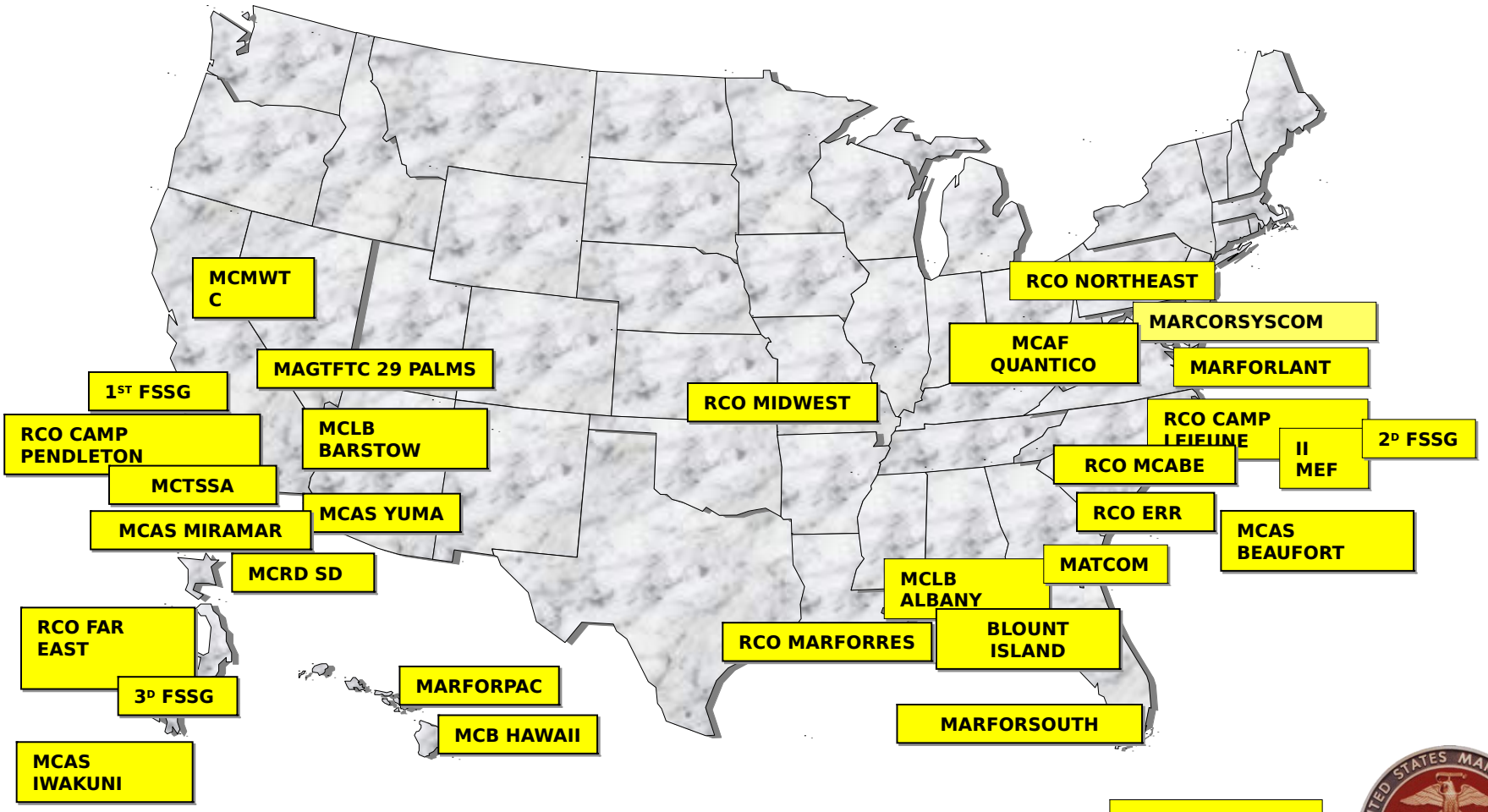
Major Systems

Contracting – Headquarters and Bases
Contingency Contracting
Electronic Business
Performance Assessments
Government Purchase Card Program
Policy

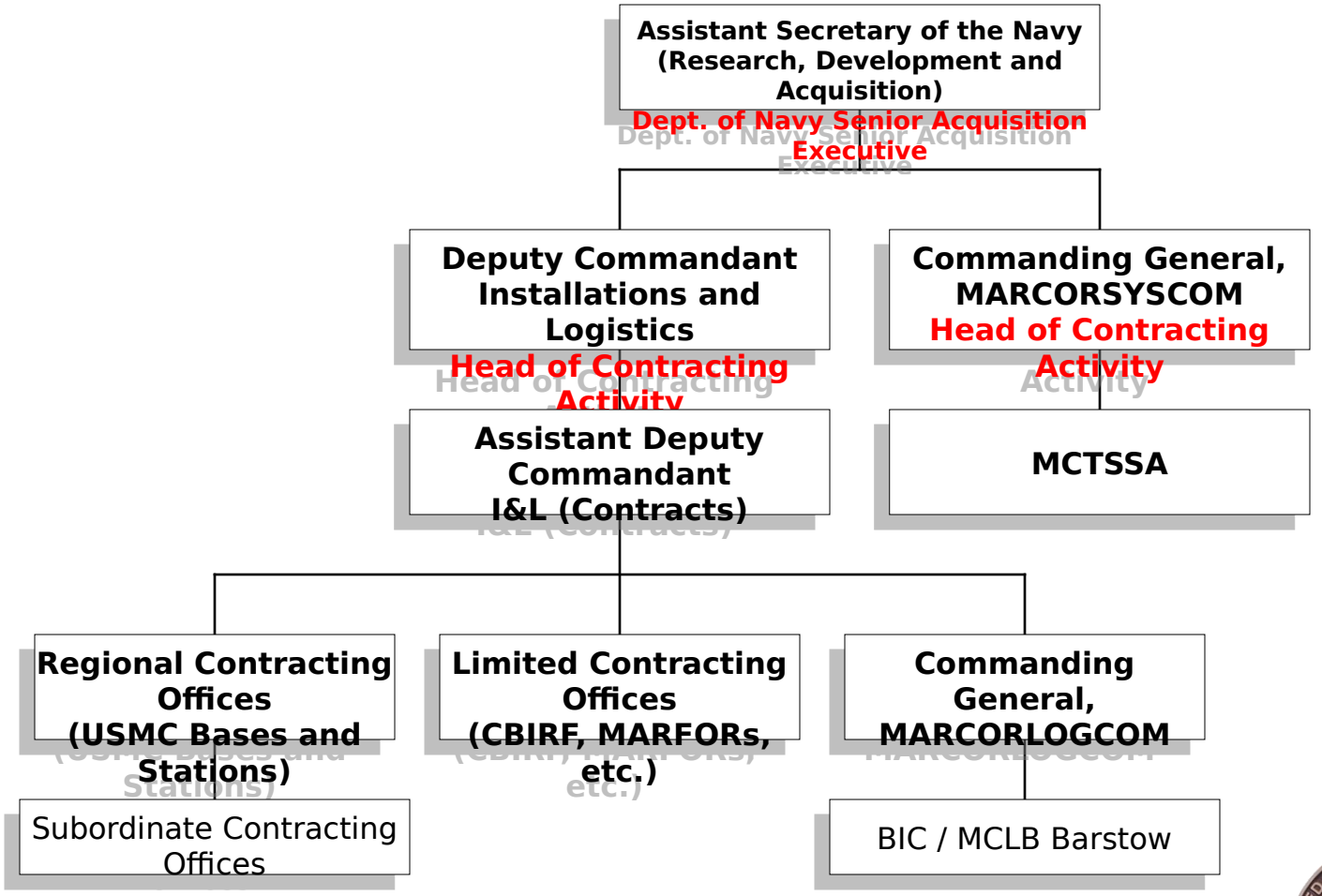
Who are we?

- **Contracting Workforce Comprised of Military Personnel and Civilian Workforce**
- **Civilian Workforce**
  - Contracting Officers
  - Contract Specialists (GS-1102's)
  - Purchasing Agents (GS1105's)
- **Military Personnel**
- **MOS 3044 Purchasing and Contract Specialists**
  - **Enter at E5 and remain for career**
- **Contingency Contracting Officers**
  - **MOS 9656 Officers**
  - **Special Education Program (SEP)**
  - **3 YR Payback**

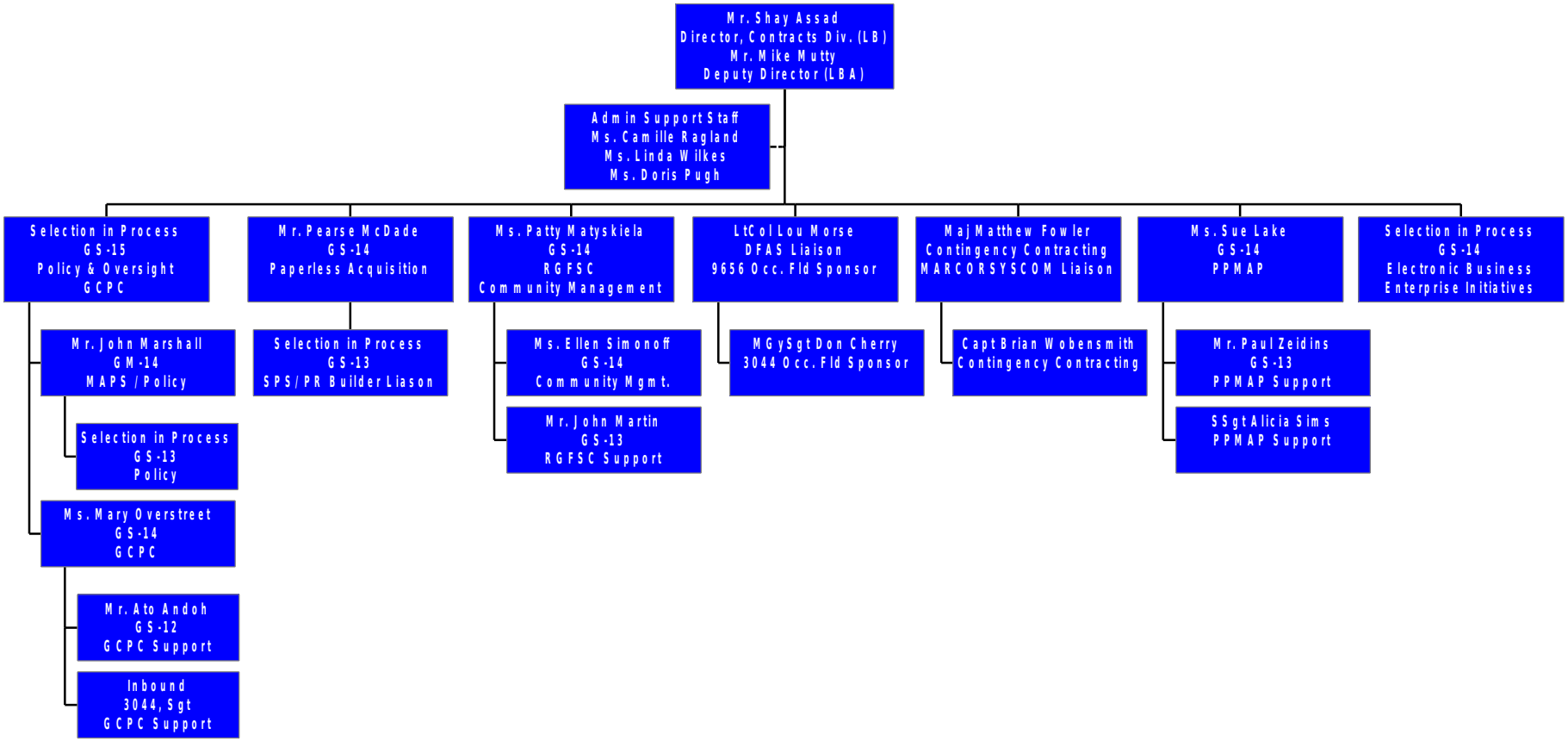
Where are we?


MCMWTC
MAGTFTC 29 PALMS
1ST FSSG
RCO CAMP PENDLETON
MCLB BARSTOW
MCTSSA
MCAS YUMA
MCAS MIRAMAR
MCRD SD
RCO FAR EAST
3D FSSG
MCAS IWAKUNI
MARFORPAC
MCB HAWAII
RCO MIDWEST
RCO NORTHEAST
MARCORSYSCOM
MCAF QUANTICO
MARFORLANT
RCO CAMP LEJEUNE
II MEF
2D FSSG
RCO MCABE
RCO ERR
MCAS BEAUFORT
MATCOM
MCLB ALBANY
BLOUNT ISLAND
RCO MARFORRES
MARFORSOUTH
MARFOREUR

Flow of Contracting Authority


Assistant Secretary of the Navy (Research, Development and Acquisition)
Dept. of Navy Senior Acquisition Executive
Deputy Commandant Installations and Logistics
Head of Contracting Activity
Commanding General, MARCORSYSCOM
Head of Contracting Activity
Assistant Deputy Commandant I&L (Contracts)
MCTSSA
Regional Contracting Offices (USMC Bases and Stations)
Limited Contracting Offices (CBIRF, MARFORs, etc.)
Commanding General, MARCORLOGCOM
Subordinate Contracting Offices
BIC / MCLB Barstow

LB Organization Chart



Flow of Contracting Authority

- **Organizational vs. Contracting Authority and Responsibility**
  - **Contracting Offices "organizationally belong" to bases, stations, etc.**
  - **Contracting Offices "functionally belong" to HQMC/SYSCOM**
  - **Contracting authority flows from either HQMC I&L or ASN(RD&M)**
  - **Requires significant interaction and reporting requirements between field organizations and HQMC/SYSCOM**
  - **Requires independence of Contracting Officers.**

How much money do we obligate?
FY03 USMC CONTRACT EXECUTION

CONTRACTING OFFICE	NUMBER OF ACTIONS TOTAL OVER $25,000	TOTAL DOLLARS TOTAL OVER $25,000	AVERAGES AVG VALUE PER ACTION $25K OR MORE
MATCOM			
MATCOM MCSC	1318	$845,768,236	$ 641,706
MATCOM MCTSSA	35	$5,433,530	$ 155,244
SUBTOTAL	1,353	$851,201,766	$ 629,122
HQMC, I&L			
CAMP PENDLETON	808	$184,849,609	$ 228,774
MCB QUANTICO	332	$110,321,959	$ 332,295
MCAS CHERRY POINT	403	$36,485,088	$ 90,534
CAMP LEJEUNE	327	$105,856,661	$ 323,721
MCAGCC 29 PALMS	49	$3,692,733	$ 75,362
MCRD PARRIS ISLAND	105	$10,052,974	$ 95,743
CAMP BUTLER	210	$24,708,431	$ 117,659
KANEOHE BAY HI	75	$5,650,572	$ 75,341
MARFORRES	69	$12,431,475	$ 180,166
MCAS MIRAMAR	36	$2,644,419	$ 73,456
MCAS YUMA	40	$2,105,438	$ 52,636
MCSA KANSAS CITY	24	$2,389,281	$ 99,553
MCAS IWAKUNI JA	26	$1,841,023	$ 70,809
MCAS BEAUFORT	11	$7,928,611	$ 720,783
MCAF QUANTICO	0	$0	$ -
USMC BARRACKS	0	$0	$ -
CAMP SMITH HI	0	$0	$ -
MCLB ALBANY	654	$385,012,527	$ 588,704
MCLB BARSTOW	120	$17,031,780	$ 141,932
SUBTOTAL	3,289	$ 913,002,581	$ 277,593
GRAND TOTAL	4,642	$ 1,764,204,347	$ 380,053

What do we buy?
Examples of everything from A to Z (Almost!)

- ADP Components
- Boring Machines
- Clothing
- Diesel Engines and Components
- Engineering Technical Services
- Food Services
- Guns
- Harvesting Equipment
- In Vitro Diagnostics Substances
- Kitchen Equipment and Appliances
- Environmental Remediative Services
- Litigation Support Services
- Lodging
- Motor Charters
- Night Vision Equipment
- Office Furniture
- Program Management Support Services
- Radar Equipment
- Safety and Rescue Equipment
- Tractors, Wheeled
- Vehicular Power Transmission Components
- Water Purification Equipment
- Travel Services
- MPS Services

How do I get the Contracting Office to buy what I want?

- **As spenders of taxpayers dollars, we should buy the BEST VALUE for the Government.**
- **Hence, you need to partner with the Contracting Office so they buy what you *need*.**

How do you do that?

- **DO define your need in terms of outcome or performance**
  - The Contracting Office will perform market research to find what matches your requirement
  - It's OK to provide suggested vendors, but we may need to solicit from others
- **DON'T base your requirements on a good sales pitch from a vendor**
  - Most supplies/services must be competed (81.3% of FY01 $ were competed)
  - Certain items must be procured from certain types of contractors such as small businesses (20.6% of FY02 $ went to small businesses)

How do I get the Contracting Office to buy what I want?

- **DO determine what the most important factors are to get you what you need**
  - **Price is only one factor and doesn't have to be the most important one**
  - **If a contractor's past performance is more important, then the selection criteria can be structured to give more weight to that factor**
- **DON'T assume you've got to buy the lowest priced item/services**
  - **Best value means trading off price against other factors such as quality, levels of experience, etc.**

CG/CO responsibilities when services are contracted out

- **Both industry and USMC have responsibility under the contract**
  - **For example obligation to provide facilities equipment in the environment conductive to quality performance may remain**
- **Commanders responsibility does not diminish when services are contracted out**
- **If USMC fails to meet its obligation, claims may result**
- **When defining the requirement (statement of work) make sure USMC will be able to fulfill its obligations**
- **Get with your contracting officer early !!!**

Why are there so many different contracting offices?

- **On one base, there could be multiple contracting offices because statutes/regulations designate certain organizations with specific missions**

  - **MCB Contracting Office**
    - **Supplies; services**
  - **Force Service Support Group (FSSG)**
    - **Contingency Operations only**
    - **No contracting authority while in garrison**
  - **Naval Facilities Engineering Command**
    - **Military Construction; facility services**
  - **Naval Medical Offices**
    - **Medical and dental supplies and services**

What's an unauthorized commitment?

- **An unauthorized commitment occurs when anyone other than a Contracting Officer makes a commitment to a contractor**
  - The Government employee, whether military or civilian, has "apparent" authority, e.g. a contractor assumes that because the person works for the Government, he has the authority to make such a commitment
  - As a matter of law - "Apparent Authority" is not sufficient to bind the Government in contract!
  - The Government Contracting Officer has "actual" authority because he is a Warranted Contracting Officer; only the CO can bind the Government in contract
  - **Example:**
    - **The boss says – "Write up MCB XYZ for a Logistics Award and have it ready in 5 days!"**
    - **The employee calls up Company XYZ and tells them to write up the award and get it to him in 5 days**
    - **Company XYZ performs the work, delivers the product, and wants his money!**
    - **How does Company XYZ get paid?**

What's an unauthorized commitment?

- **The Government employee, civilian or military, had no authority to call the company and tell them to perform the work**
- **While Company XYZ should not have performed the work, it is the Government employee who is at "fault"**
- **Statutes and regulations require that "offender" prepare a "ratification" package which includes:**
  - Summary of events
  - Description of services ordered
  - Steps taken to prevent reoccurrence
  - Concurrence by Commanding General/Officer
- **Package goes to Contracting Officer for preparation of contract**
- **Action maybe "ratified" by ratifying official – depends on dollar value, and other factors**
- **Contractor and Government execute contract so Company XYZ can get paid**

How do you avoid unauthorized commitments?

- **What should the employee have done?**
  - **After receiving his boss' direction, called his local Contracting Office!**
    - Tell them he has an urgent requirement
    - Provide an adequate description of the work and when it needs to be done
    - Provide the necessary funding
    - Let the Contracting Office do their job

- **Why is it so difficult to ratify an unauthorized commitment?**
  - Because it is not legal for a Government employee (other than a Contracting Officer) to make such a commitment
  - The law and regulations, intended for it to be an onerous process to deter and prevent repetitive offenses

What is Paperless Acquisition?

It is a "process" through which:

- **A customer submits a requirement;**
- **The contracting office solicits offers and awards a contract;**
- **The customer accepts the product/service;**
- **The contractor submits an invoice;**
- **DFAS pays the contractor; and**
- **The contract is closed-out ….**

…all electronically!

Why is Paperless Acquisition important to you?

- **Reduces Procurement Administrative Lead Time (You get your services and supplies faster!)**
- **Reduces Interest Expense**
  - **Forecast Approx $2M in interest expense in FY2004**
- **Maximizes resources/Improves Effectiveness**
- **Reduces unmatched disbursements and unliquidated obligations**

What tools are used in Paperless Acquisition?

- **Electronic Procurement Generator – PRBuilder**

  Internet website customers use to enter requirements

- **Standard Procurement System**

  Contracting Offices' execution tool

- **Wide Area Workflow**

  Provides customers' access to automated receipt and acceptance and electronic payments to contractors

On a go-forward basis, this is the way we will do business!

What Is PPMAP

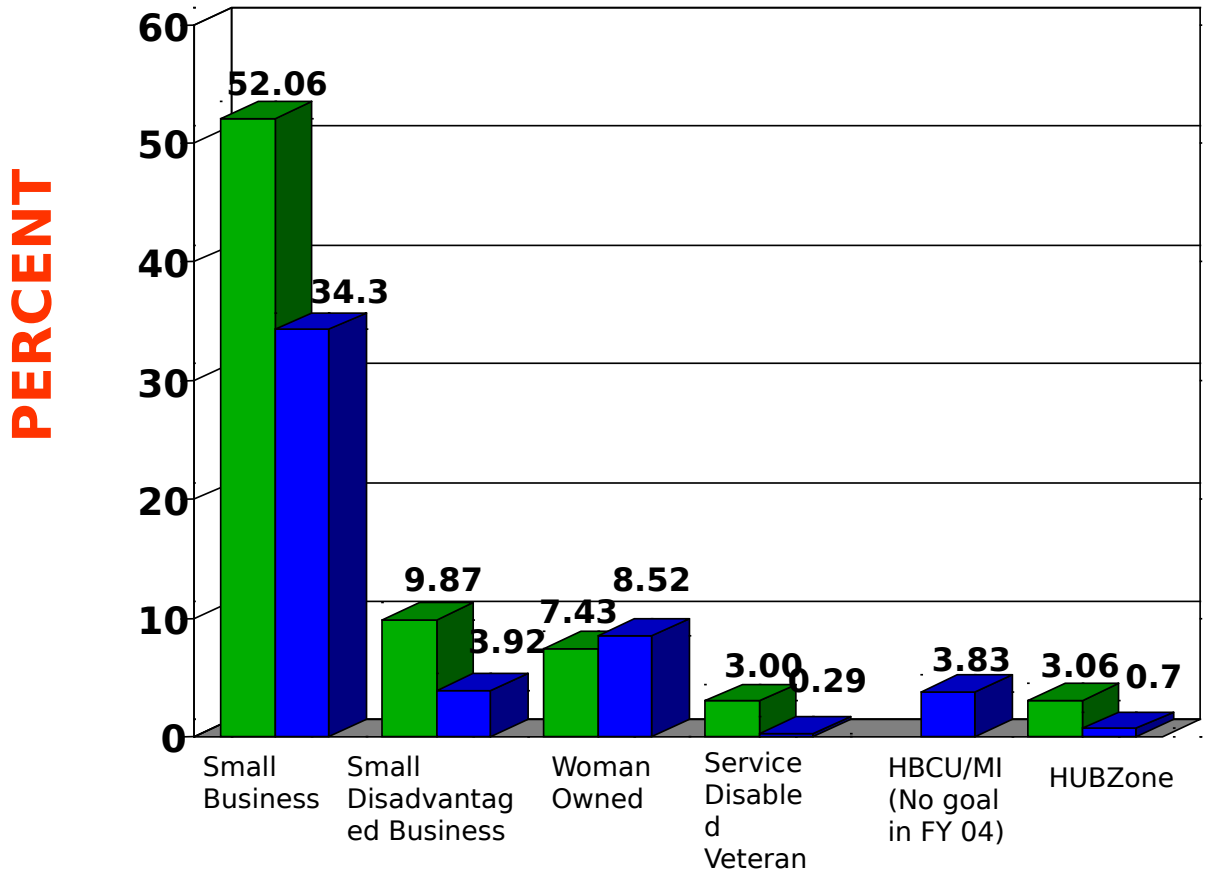
- **Procurement Performance Management Assessment Program**
  - **Replaces the Performance Management Review (PMR)**
  - **Maintain Integrity of Contracting Process**
- **Minimizes Compliance-Oriented Oversight**
- **Emphasizes Self Assessment/Self Management**
- **Sharing of Best practices**
- **Develops Performance Based Metrics**

What is the Small Business Program?

- It is a national policy that a fair proportion of the products and services be purchased from Small, Small Disadvantaged and Women Owned businesses.
- There are several programs which the USMC participates in
  - Small Business
  - Small Disadvantaged Businesses
  - Women-owned Small Businesses
  - HUBZone Small Business
  - Service Disabled Veteran Owned Small Business
  - Historically Black Colleges and Universities and Minority Institutions
- Ms. Julie Krnc is the USMC Associate Director For Small Business

I & L - FY2004
Small Business Prime Accomplishments

October 1, 2003 - June 30, 2004



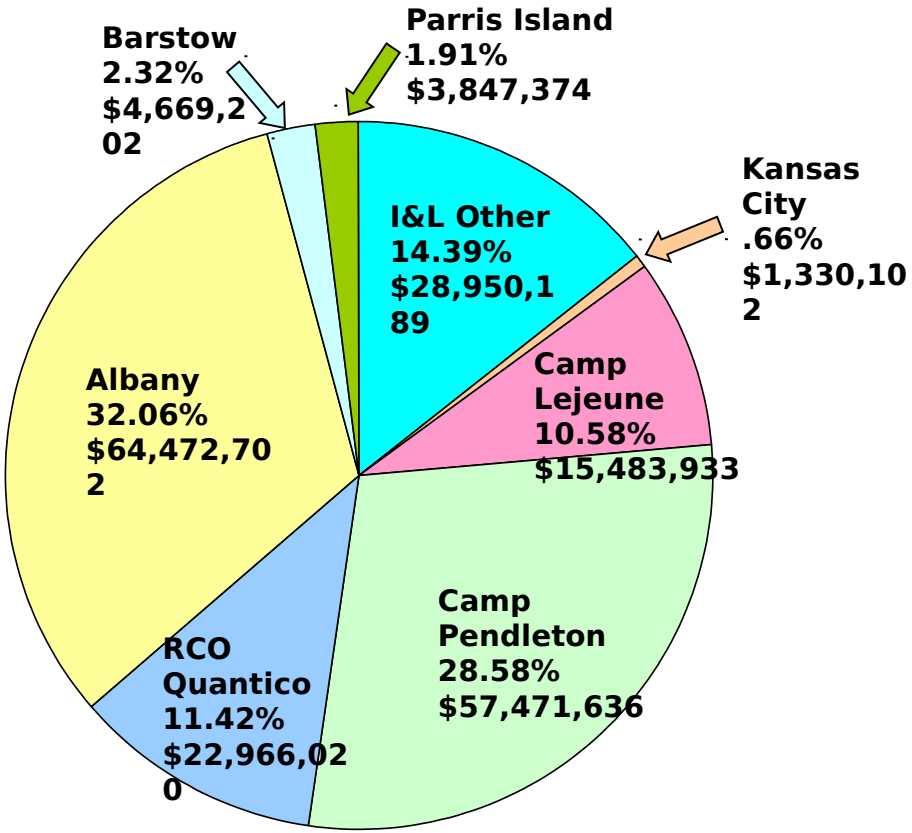
Small Business Accomplishments are calculated from total dollars to US Firms including NMCI (I&L – no NMCI $ to date) *EXCEPT* HBCU/MI which are calculated from total dollars to Higher Educational Institutions (HEI = $8,492,811 to date).

I & L - FY 2004
Share of I & L Prime Small Business Dollars

I & L Other includes:
- MARCORP Forces South Miami FL
- MCAS Miramar
- MCAS Cherry Point
- MCAS Beaufort
- MCAF Quantico
- MCAS Kaneohe Bay
- 1st FSG San Francisco
- MCAS Iwakuni JA
- MCAS Yuma AZ
- MARFORLANT
- Camp Smith HI
- USMC Washington DC
- MARFORRES
- RCO MFE Germany
- MC Barracks 8th &I
- HQ BN HH
- RCO Camp Butler
- MCTSG Pensacola
- 4th District Philadelphia
- New Orleans LA
- 6th District Atlanta GA
- 9th District Washington DC
- Camp Elmore
- Camp HM Smith HI
- 4th Marine Air Wing
- 1st FSG Camp Pendleton
- SECFORCE Norfolk VA
- SECFORBATPAC Vallejo CA
- HQ FMF Europe UK
- MCMWTC Bridgeport CA
- HQ JTF El Paso TX

October 1, 2003 - June 30, 2004

(Percentages on Pie represent the contribution towards I & L Prime Dollars awarded to Small Business in*cluding* NMCI)



I & L SB ACCOMPLISHMENT = $201,086,260

What does Outsourcing mean?

- **Basically means to change who performs Government work from Government employees to Contractor employees**

- **Office of Management and Budget Circular A-76**
  - OMB Circular A-76 studies review Commercial Activities to determine better value for Government
  - The process is now more like a FAR contract

- **Other means of Outsourcing**
  - Direct Conversion
  - Functional Assessment
  - Privatization

Government Travel Card vs. Governmentwide Commercial Purchase Card

- **Government Travel Card**
  - **Issued to Government employees for use while on official travel**
  - **HQMC P&R is Program Manager**

- **Governmentwide Commercial Purchase Card**
  - **HQMC LB is Program Manager**
  - **Issued to limited number of Government employees for purchase of required supplies/services**
    - **Each purchase is limited to $2,500**
    - **$270M (FY03); $238M YTD FY04**
    - **354,921 purchases (FY03); 264,893 YTD FY04**
    - **Total monthly purchase authority varies by individuals**
    - **Requires specific training**
    - **Allows users faster access to needed supplies/services**
    - **USMC has 3,433 active GCPC cardholders**

How much is the Purchase Card used?
FY04 YTD Governmentwide Commercial Purchase Card

Contracting Office	Number of Transactions	Total Expenditures	% of USMC Expenditures
MCCS NAF	47,752	$19,148,527.19	8.06%
MARCORSYSCOM	2,491	$2,347,827.44	0.99%
MCTSSA	523	$508,111.44	0.21%
MARFORSOU	185	$131,876.90	0.06%
MCB Camp Lejeune	24,045	$27,199,587.68	11.45%
MCLB, Albany	13,432	$28,970,916.18	12.19%
MCRD Parris Island	18,626	$13,756,527.41	5.79%
MCB, Camp Pendleton	39,439	$52,239,968.58	21.99%
MARFORRES	35,161	$17,336,298.08	7.30%
MCAS, Yuma	6,579	$6,001,705.24	2.53%
MCAS, Miramar	10,705	$12,280,364.17	5.17%
MARFORLANT	1,681	$2,039,598.50	0.86%
MARFOREUR	179	$416,618.71	0.18%
MCSA, Kansas City	3,603	$2,034,721.44	0.86%
MCAGCC, 29 Palms	3,372	$5,817,285.73	2.45%
MCB, Camp Butler	7,025	$5,651,904.39	2.38%
MCLB, Barstow	7,902	$13,326,966.96	5.61%
MCAS, Iwakuni	3,506	$2,082,035.53	0.88%
MCB, Quantico	13,068	$9,183,433.93	3.86%
MCB, Hawaii	8,583	$4,006,157.01	1.69%
MCABE, Cherry Point	17,036	$13,126,368.77	5.52%
TOTALS	**264,893**	**$237,606,801.28**	**100%**

Contingency Contracting

- **Potentially a tremendous force multiplier for operational commanders**
  - ➨ **Reduces demand on traditional supply chain**
  - **Reduces non-warfighting demands on personnel**
- **Each operation presents unique challenges**
  - **Economic sophistication**
  - **Critical in Stability and Support Operations (SASO)**
- **Low density – high demand workforce**
  - **Fragmented structure is not well adapted to support contingency operations**
- **The Road Ahead**
  - **Doctrine – Educate Commanders and their Staffs**
  - **Tactics/ Techniques & Procedures – Tools for the Fleet**
  - **Policy – Ensure regulatory and statutory compliance**
  - **Complete structure assessment/ realignment to provide commanders sustained, flexible support**

Now that I know all this, what can I do?

- **Involve your Contracting Office EARLY in the process**
  - **They are there to help you meet your mission requirements**
- **Ensure your Contracting Office is not "buried' in your organization**
  - **Should report to the Chief of Staff to maintain visibility/avoid conflicts/keep COS,CG informed**
- **Clearly define your requirements**
  - **Contract Specialists can help, but requirements' generators are responsible for defining the needed supplies or services**
- **Be aware of your Governmentwide Commercial Purchase Card Program**
  - **High visibility; susceptible to fraudulent actions by few, resulting in scrutiny for all!**
- **Make Sure your RCO knows**
  - **Warfighter First!**
  - **A Well Run RCO manages more than Contracting**
    - **Small Business**
    - **Interest Expense Management**
    - **Business Advisor to the Commander**